
REPORT DIGEST

OFFICE OF THE COMPTROLLER - FISCAL OFFICER RESPONSIBILITIES

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Year Ended:
June 30, 2009

Summary of Findings:

Total this audit	2
Total last audit	0
Repeated from last audit	0

Release Date:
March 16, 2010



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

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INTRODUCTION

This digest covers our financial audit of the Office of the Comptroller - Fiscal Officer Responsibilities, Illinois Traditional Budgetary Financial Report for the year ended June 30, 2009 and the compliance examination covering the year ended June 30, 2009.

SYNOPSIS

- ◆ The Office of the Comptroller (Office) did not make statutorily mandated transfers between State funds within established timeframes.
- ◆ The Office did not issue all FY09 warrants by the end of lapse period, August 31, 2009, as required by statute.

{Financial Information and Activity Measures are summarized on the next page.}

**OFFICE OF THE COMPTROLLER - STATE OF ILLINOIS
FISCAL OFFICER RESPONSIBILITIES
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2009**

FUND BALANCE (Amounts in Thousands)	Fiscal Year 2009		Fiscal Year 2008	
	Cash Balance	Budgetary Balances*	Cash Balance	Budgetary Balance*
APPROPRIATED FUNDS				
General Funds	\$279,818	\$(3,672,830)	\$140,541	\$(834,490)
Highway Funds	687,984	582,457	813,572	684,817
Special State Funds	2,573,918	2,001,173	2,741,287	1,914,027
Bond Financed Funds	68,103	65,013	77,383	73,786
Debt Service Funds	653,920	653,920	649,343	649,343
Federal Trust Funds	224,762	(85,061)	199,620	(290,472)
Revolving Funds	28,608	(35,807)	63,085	(4,604)
State Trust Funds	463,149	387,752	638,019	574,115
Sub-total	<u>\$4,980,262</u>	<u>\$(103,383)</u>	<u>\$5,322,850</u>	<u>\$2,766,522</u>
NON-APPROPRIATED FUNDS				
Federal Trust Funds	\$6,956	\$6,354	\$498	\$371
State Trust Funds	1,894,060	1,834,070	1,882,104	1,830,568
Sub-total	<u>\$1,901,016</u>	<u>\$1,840,424</u>	<u>\$1,882,602</u>	<u>\$1,830,939</u>
GRAND TOTAL - ALL FUNDS	<u>\$6,881,278</u>	<u>\$1,737,041</u>	<u>\$7,205,452</u>	<u>\$4,597,461</u>

* Budgetary Balances represent the balances remaining after reduction of Cash Balances at June 30 by lapse period transactions.

FINANCIAL HIGHLIGHTS (Amounts in Thousands)	YEAR ENDED JUNE 30, 2009	YEAR ENDED JUNE 30, 2008
Total Revenues - All Funds	\$102,952,187	\$100,675,288
Total Expenditures - All Funds	\$105,812,607	\$101,247,742
Net Change In Budgetary Fund Balance - All Funds	\$(2,860,420)	\$(572,454)

FINANCIAL HIGHLIGHTS (not examined)	YEAR ENDED JUNE 30, 2009	YEAR ENDED JUNE 30, 2008
Interest Paid on Late Vendor Payments		
Department of Healthcare and Family Services	\$25,650,906	\$22,886,321
Department of Corrections	2,005,415	49,524
State Board of Education	933,114	12,514
Department of Human Services	793,289	50,546
Department of Central Management Services	427,100	546,177
Capital Development Board	345,396	229,851
Department of State Police	224,400	63,453
Department of Transportation	124,664	43,923
Department of Juvenile Justice	126,904	3,623
All Other	575,219	158,046
Total Interest Paid	<u>\$31,206,407</u>	<u>\$24,043,978</u>

STATE COMPTROLLER

During Audit Period: Honorable Daniel W. Hynes
Currently: Honorable Daniel W. Hynes

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

LATE PAYMENT OF STATUTORILY MANDATED TRANSFERS

The Office of the Comptroller (IOC) did not make all transfers between State funds within the established timeframe, as required by statute.

Late payments made for inter-fund transfers totaling \$1.5 billion

The Office processed transfers between 31 to 203 days after the mandated transfer date for a total of \$1.5 billion in FY09. Failure to make inter-fund transfers within applicable timeframes is in noncompliance with State law and might result in delayed use of appropriated funds.

Late payment due to cash management decisions due to lack of available cash in State Treasury

IOC officials stated the late payment of transfers occurred because of cash management decisions and prioritization required due to the lack of available cash in the State Treasury. (Finding No. 09-1, page 9)

We recommended the Office make transfers within timeframes established by law. If there is a lack of available funds in the State Treasury, we recommended the Office of the Comptroller continue in its efforts to make transfers as timely as possible.

Office of the Comptroller officials concurred with the recommendation.

WARRANTS ISSUED AFTER FISCAL YEAR LIMITATION

Warrants issued after August 31, 2009 (close of lapse period)

The Office of the Comptroller (IOC) did not issue all fiscal year 2009 warrants by August 31, 2009 (close of lapse period).

State Finance Act requires liabilities incurred to be paid out of expiring appropriations during lapse period ending August 31, 2009

The Office expended \$478,151,765 for 19,867 warrants issued after the State's lapse period for fiscal year 2009. The State Finance Act (Act) states with regard to fiscal year limitations that "outstanding liabilities as of June 30, payable from appropriations that have otherwise expired, may be paid out of the expiring appropriations during the 2-month period ending at the close of business on August 31." In addition, IOC had not issued warrants for outstanding FY09 liabilities created for the Build Illinois Bond Fund.

Management stated that they did not construe the Act to prohibit issuance of warrants after August 31 for vouchers received on or before that date. In addition, management believed that it was important to continue to pay remaining FY09 liabilities irrespective of whether it was after August 31 in order to avoid disruption of State operations and services. (Finding 2, pages 10-11)

We recommended the Office seek legislative authority to enable it to pay outstanding liabilities of the State after August 31 when such liabilities have been incurred and appropriately submitted for payment to the Comptroller during the two month lapse period.

Office of the Comptroller officials concurred with the recommendation.

AUDITORS' OPINION

We conducted a compliance examination of the Comptroller's Fiscal Officer Responsibilities for the year ended June 30, 2009 as required by the Illinois State Auditing Act.

Our auditors stated the fund balances at June 30, 2009, and the revenues and expenditures for the year then ended relating to the State of Illinois, Office of the Comptroller - Fiscal Officer Responsibilities' Traditional Budgetary Financial Report, are fairly presented in all material respects.

The budgetary basis fund balance of the General Funds decreased by \$2,838,339,272 during the fiscal year ended June 30, 2009. At June 30, 2009, the budgetary basis fund balance of the General Funds was a deficit of \$3,672,829,839.

**General Revenue Budgetary
Fund balance decreased
\$2.8 billion.**

**General Revenue Fund
Budgetary Fund balance
deficit of \$3.7 billion at June
30, 2009**

WILLIAM G. HOLLAND, Auditor General

WGH: CML

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors were Sikich, LLP.

